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The Change from the Creation to the Destruction of Public Value in Social and Institutional Contexts – A Case Study of CEO Peer and Policy Networks within the Dutch Social Housing Sector

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This study examines the question of which factors can explain the change from creation to destruction of public value in social and institutional environments. Second, what do CEO peer networks and policy networks in which CEOs participate contribute to such a change. The aim of the study is to design and test a comprehensive framework for understanding the change from value creation to destruction. This framework is constructed through an integration of two distinct theoretical approaches, public value management and destructive leadership. The second component is proposed, inasmuch public value management does not take into account the risk of unethical behavior of organizations' leaders. The framework is applied to a qualitative analysis of public management in the Dutch social housing sector. Interviewed CEOs of housing corporations proudly explained public value creation in the nineties. However, indications of destructive leadership outnumbered references to value creation in the first decade of this millenium. In this period, CEOs competed for dominance in peer and policy networks. Reputation drive superseded improvement drive when determining mergers and hazardous projects, unrelated to social housing purposes. Instead of authorizing, the institutional environment has been conducive to value destructing courses of action by CEOs.

Keywords: ethical leadership, public value creation, destructive leadership, reputation, nonprofit organizations

INTRODUCTION

In a recent article, Heres and Lasthuizen (2012) have found differences in the way executives interpret and explain ethical leadership, depending on whether they work in a

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public or private context. This study intends to deepen the insight into the dependency between context and leaders' (un)ethical behavior. Well-doing and wrongdoing are related to the creation and destruction of public value. By means of an integrated conceptual framework, an in-depth study is performed in a case of public service delivery by privately instituted nonprofit organizations. In this situation, both private and public constituents are present. At the core of this study is a collection of peer networks with personal and intra-organizational ties to national and local policy networks. Service provision is conceived by referring to the public value framework of Moore (1995). Public value refers to the provision of products and services beneficial to clients and society; under the condition that the provision has to be appreciated by clients, stakeholders—including authorities—and the public in general (paraphrasing Moore, 1995; Moore, 2013; Meynhardt, 2009, p. 212). Although the literature does not provide a definition of the destruction of public value, it can be derived reversely: Destruction of public value encompasses a negative change to fewer and inferior products or services, and to less appreciation by clients, stakeholders, and the public in general.

The main question of this study is: Which factors can explain the change from creation to the destruction of public value in social and institutional environments, and what do CEO peer networks and policy networks in which CEOs participate contribute to such a change?

This study aims to design and test a framework for understanding the change from value creation to destruction. This framework will be constructed through the integration of two distinct theoretical approaches: public value management and destructive leadership.

The Dutch public housing sector will be the setting of qualitative research. The sector amounts to 40% of the houses in the Netherlands. In 1990, a policy change transferred discretionary power and responsibility from the Dutch state to the boards of private housing corporations. Further, a cultural change was promoted, termed "societal entrepreneurship." Boards staffed by volunteers were replaced by non-executive boards of professional supervisors, similarly to two-tier boards of business enterprises. Senior managers obtained the legal status of the statutory director (henceforth CEO). In the mid-nineties, a conversion of state loans and subsidization schemes into lump sums caused cash windfalls in the sector, although they were unequally distributed across the population. Since 1990, a wave of mergers unrolled, resulting in a decrease in the number of corporations and an increase in corporation size (see Table 1).

For this study, the relevant period is 2001–2010. The sale of rental houses and restrictions on the construction of social houses halted the growth of the total housing stock. In this period, the size of larger (above the population median) corporations increased to 2 times more than of smaller ones.

Starting in 2008, the media reported on scandals at the top of housing corporations. Cases of fraud, billion euro losses on sideline projects, and speculative derivatives trading induced the government to institute a parliamentary inquiry into the behavior of CEOs (2012–2014). The commission's public interrogations and reporting disclosed cases of incompetence and fraud. In reaction to this, all housing corporations were subjected to austere regulation and heavy tax assessments.

TABLE 1
Key figures in the Dutch social housing sector (data from Aedes/Housing Authority)

Key figures	*1990*	*2001*	*2010*	*2016*
Number of corporations	824	579	401	335
Total rental housing units (RHU)	2,124,300	2,440,460	2,407,758	2,378,206
Mean size (RHU)	2,578	4,215	6,019	7,099
Median size (RHU)	n.a.	2,200	2,620	3,824
Increase in mean size above median			46%	17%
Increase in mean size below median			23%	30%

THEORETICAL CONCEPTS AND VARIABLES

In this section, a selection is made of theoretical concepts regarding public value creation and destruction. Variables are derived from these concepts in the preparation of a coded content analysis of interviews with CEOs of housing corporations.

In accordance with Moore (2000), it is presumed that public value is applicable in the management practices of nonprofit organizations. However, public value management has been a subject of controversy for twenty years after the emergence of Moore's (1995) seminal book. A synopsis is given by Williams and Shearer (2011). For this study, the focus is on Rhodes and Wanna's (2007, p. 417) warning: following Moore, public managers will opt for transformational leadership and will be limited in their choice of projects and adventurism only by their own moral compass, interests, and preferences.

In a not very convincing defense, it is has been asserted, that an authorizing environment will keep public managers from doing wrong (Alford, 2008) by counter-balancing managerial discretion (Moore & Khagram, 2004). However, it is not ensured whether this will be sufficient considering warnings made by public value authors, For instance, followers might urge leaders to behave like a god or guru who can create magical solutions (Benington & Moore, 2010, p. 16). In recent work, Moore (2013, Appendix p. 1) opens the possibility that public managers incur high costs and cause unintended consequences through their projects.

Moore and Khagram (2004) argue that the strategic triangle helps public managers focus and direct their attention toward three issues: public value outcomes, operational capacities (both internal and external), and the authorizing environment for acquisition of legitimacy and support. Public managers should consider these topics before committing themselves and their organizations to courses of action. The idea is presented as a triangle (see Figure 1).

This explanation indicates a heuristic application of the triangle. The claim that the triangle is also applicable as an empirical model (Alford & O'Flynn, 2009, p. 175) is contested. In an empirical application, the creation of public value would be the obvious choice for the dependent variable. In this study, a redesign of the triangle is proposed, in accordance with Barnard's basic model of leadership (Barnard, 1949, p. 84). In this model, leaders, followers, and conditions interact. The revisited model is presented in Figure 2.

With regards to empirical testing, public value literature is not very elaborate. In this study, leaders' creativity is proposed as a variable. Further, two sub-variables for creative leadership are used: entrepreneurship and innovation. For these variables, the count is increased when these words or derivations are used in relation to public service provision.

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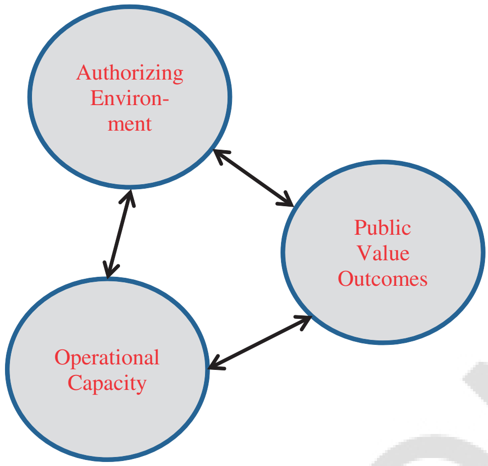

FIGURE 1 Strategic triangle of public value creation (Bennington & Moore, 2010).

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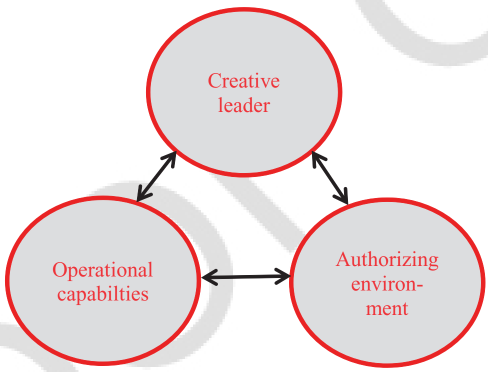

FIGURE 2 Public value creation triangle revisited.

Operational capabilities are counted when internal or external resources are considered in relation to public service provision. In the literature, authorizing environment has an open and non-limitative taxonomy (Moore & Khagram, 2004, p. 6). In the case considered in this study, the authorizers are the Ministry of Interior Affairs, a national public agency for financial supervision, a national private guarantee fund for capital market access, and municipal boards. The count for this variable is increased when those institutional actors are mentioned in their authorizing role. Sub-categories account for whether the topics of public value creation receive an approving or disapproving valuation.

Opponents have raised questions about the way public value management addresses the negative sides of entrepreneurship in a political context. By ignoring the need for managerial discipline, the proponents would abstract from the dark side processes within public administration (Rhodes & Wanna, 2007, p. 409). The benign intentions of public managers are taken for granted and probable conflicting interests are overlooked (Rhodes & Wanna, 2007, p. 412). Conceptually, the abuse of resources for the financial benefit and the name and fame of managers is excluded. Hence, the public value "model is one-sided." There is "no conception of negative public value," such as "deterioration in service chains" and "expectations that agencies cannot meet" (all quotes from Rhodes & Wanna, 2007, p. 412). Hood (1991, p. 11) mentions standards of failure in public management settings: "waste, malversation, and catastrophe." Further, analyses of innovative projects, mergers, and diversifying strategies in private contexts provide findings that diverge from the ideal of value creation. Schleifer and Vishny (1988) term it the "non-value maximizing behavior" of CEOs. Examples are mergers serving executives' need for power and wealth but reducing shareholders' value, failures in acquisitions not related to the core business (henceforth "unrelated acquisitions"), and commitment to manager-specific innovations and investments, also known as "pet projects" (Shleifer & Vishny, 1989). Irrespective of whether one is arguing from the public or private context, CEOs have the opportunity to detract from value creation and to pursue destructive courses of action.

As the public value literature deliberately does not account for the occasional bad behavior of public leaders, another body of literature was deployed. Destruction of value is a major subject in the literature on toxic or destructive leadership. A generic definition is:

> "The systematic and repeated behavior by a leader, supervisor or manager that violates the legitimate interest of the organization by undermining and/or sabotaging the organization's goals, tasks, resources, and effectiveness and/or the motivation, well-being or job satisfaction of subordinates" (Einarsen, Schanke, Aasland, & Skogstad, 2007, p. 208).

A model for destructive leadership is proposed by Padilla, Hogan, and Kaiser (2007):

Applied to public service provision, the toxic triangle encompasses destruction of public value. In this study, this triangle and Moore's (1995) triangle are juxtaposed. Susceptible followers (Figure 3) detract from operational capabilities (Figure 2) in the sense that destructive leaders often favor loyal followers at the expense of their professionally capable fellow-workers. The application of the two juxtaposed models does not imply a dichotomy in the change from creation to the destruction of public value, but a simultaneous exercise of converse forces.

From the three topics of their triangle, Padilla et al. (2007) derive variables covered by a large collection of empirical research. Some variables from this anthology are cited below and, then, it is briefly explained which categories will be used in this study.

The attributes of destructive leaders are (Padilla et al., 2007, p. 180–182):

- Charisma. The authors clarify "that even when charismatic leaders are not destructive, they can still be dangerous." Lack of opposition makes them prone to detrimental decisions. References to charisma, such as "inspiring," "gifted," and "visionary," are counted.
- Personalized need for power. This is the case "when leaders use position power […] for personal gain and self-promotion," and "use control and coercion to impose their goals while censuring opposing views." When one or more of those phenomena are mentioned, the count for the personalized power category will be increased.

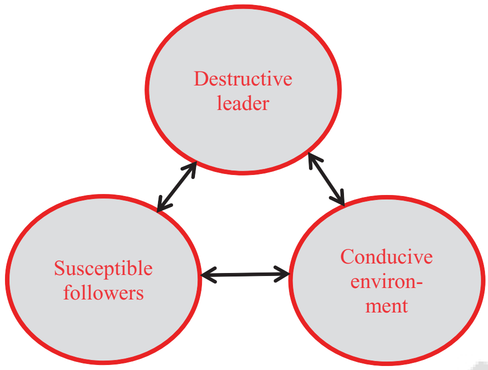

FIGURE 3 Toxic triangle (Padilla et al., 2007).

- Narcissism. It “involves dominance, grandiosity, arrogance, entitlement, and the selfish pursuit of pleasure.” Only literal (layman’s) references to narcissism are counted.
- Negative life themes. These refer to leaders’ negative experiences. The count on this variable is only increased when personal histories are explicitly put forward.
- Ideology of hatred. This is at issue when “the rhetoric, vision, and world view of leaders contain images of hate.” The count on this variable is increased when it is told that feelings of hatred, aversion, and inter-personal feuds guide CEOs’ behavior and decision-making.

Susceptible followers are divided into two groups: conformers and colluders. Conformers feel compelled to follow, whereas colluders follow destructive leaders owing to self-serving considerations. The attributes of susceptible followers are (Padilla et al., 2007, p. 182–184):

Conformers

- Unmet basic needs. These are assumed to induce conformers to follow destructive leaders. The code is only increased when unfulfilled basic needs are mentioned.
- Negative core self-evaluations. These refer to low “self-esteem” and perception of low “self-efficacy.” The count for this variable is increased when behavior and actions of followers are attributed to low self-evaluations.
- Low maturity. The assumption is that “immature individuals are more likely to conform to authority.” Not only associations with individuals’ low maturity are counted but also references to a state of collective immaturity in the CEO population.

Colluders

- Ambition. It is noted that followers strive for status and “may be willing to follow coercive policies if it will advance their personal agendas.” The count for this variable is increased when personal advancement is mentioned as motivation for following.

- Similar world view. “When followers link leaders with salient aspects of their own world view, emotional attachments form.” The count for this category is increased when it is mentioned that people assemble on shared beliefs and are inspired by stories that reflect their own world views.
- Unsocialized values. It is assumed that “individuals who endorse unsocialized values such as greed and selfishness are more likely to follow destructive leaders.” The count for this is only increased when explicit negative moral judgments are made about attachment to leaders.

The third topic of the triangle encompasses destructive forces from the environment. Here, too, explanations are provided by Padilla et al. (2007, p. 185–186).

- Instability. “During times of instability, leaders can enhance their power by advocating radical change.” The count for this category in only increased when it is noted that instability in the sector paves the way for destructive leaders.
- Perceived threat. “When people feel threatened, they are more willing to accept assertive leadership.” Only explicit references to threats from the environment are counted.
- Lack of check and balances. “[…] corporations lacking independent board oversight—allow individuals […] to usurp power.” The count for this category is increased when it is said that boards fail to guide and bound CEOs’ discretion.
- Failing institutions. Padilla et al. (2007) advocate multiple governance structures. However, these multiple structures can have gaps in mutual connections, providing opportunities to destructive leaders to avoid external supervision. In this study, it is proposed that Padilla et al. (200&) overlook problems of institutionalization. For instance, Elsbach and Sutton (1992) argue that when supervisors’ reputation concerns prevail, leaders are endorsed for breakthrough behavior even if they pursue illegitimate courses of action. References to both kinds of defects are counted in a category for institutional failure.

It is proposed that institutionally promoted competition contributes to a shift from creation to the destruction of public value. In this study, public value management is conceived as a specific branch of new public management (see also Stoker, 2006). The entrepreneurial components of Hood’s (1991, p. 4–5) taxonomy are clearly recognizable in Moore’s (1995) account, namely, visible discretionary control by organizations’ leaders, introduction of private sector styles of management, and promotion of completion. Moore (2000, p. 200) states that managers of nonprofit organizations have to compete in a market “in which donors, citizens, and elected representatives make a commitment to public purposes.” Thus, competition in a public service sector will be personalized and institutionalized. It induces a shift in the way organizations’ leaders chose goals and interact with one other. Competition between CEOs is counted when any contest among them is mentioned.

Second, a transfer of strategies, practices, and tools proceeds through a superficially checked information exchange in quick patterns of action and reaction. Bikhchandani and Sharma (2000) distinguish between patterns engendered by a search for better investment opportunities (“informational cascades”) and patterns driven by the need for reputation or financial compensation. In this study, rational patterns of transfer are associated with an explicit search for improvement of public service. When ranking, positions, and status of organizations and their CEOs are mentioned, a score on reputation drive is given.

Transferable strategies and so on are placed into categories as they emerge in the inquiry.

DATA AND METHODS

The research in this study was performed through qualitative methods. Sixteen semi-structured interviews were conducted using a questionnaire with 4 main questions (see Appendix). The interviews lasted from 1 to more than 2 hours. The interviewees were very conversational, reflecting on their own and others' roles in events. References were made to the backfiring impact of these events on the credibility of their profession, job satisfaction, discretionary power, and on organizations' resources.

All persons approached for this study consented to participate, ensured of anonymity and untraceability of citations. The interviewees were already known to the interviewers. Although both have worked in the sector for more than 30 years in a variety of positions, the researchers possessed only superficial knowledge of persons, relations, and interactions in the networks.

Based on this limited knowledge, the first selection of 10 persons was made, using criteria such as prominent membership in opposing networks, gender, spread of work area across the country, and spread in the start of CEO tenure. A second sample of 6 persons followed. Most interviewees have previous experience in the sector, for instance, as members of management teams and as consultants and lobbyists. Some interviewees recently retired but still express affinity with the sector. The second selection was based on indications and suggestions from the first stage, using snowball sampling. This method is suited for the discovery of dynamic social networks (Noy, 2008). At the end of the findings section, an account is given of the composition of the total sample, attributes of the interviewees, and the influence of those attributes in the findings. The mixed mode of sampling is not significantly associated with differences in the findings (see Table 2).

The interviews were memo-recorded and transcribed literally. The transcripts were coded according to variables derived from theoretical concepts. Relevant themes emerging during the analysis were placed in additional categories. Text fragments can have multiple categories, allowing counting intersections of variables. The study presents the count of text fragments in the interviews as a simple unweighted measure of salience. When interviewees repeatedly referred to an item, the count on the respective category were summed.

The text fragments are grouped into four decades:

1. Before 1990, the initial year of policy reform by the Dutch government;
2. From 1990 to 1999, when housing corporations started to innovate;
3. From 2000 to 2009, a period characterized by arbitrary courses of actions by CEOs, resulting in an institutional crisis;
4. From 2010 to mid-2018 ("present"), a period of recovery and institution of a new regulation.

TABLE 2
Goodness of fit tests on number of text fragments stated by interviewee category

Pearson Chi-square	*Attention to destruction relative to creation of public value*	*Relative attention to destructive leaders*	*Relative attention to susceptible followers*	*Relative attention to conducive environment*
Gender	Females: 3.727*	Females: 6.917***	1.662	0.179
Entry in tenure as CEO	1.820	1.323	Entry after 2000: 5.456**	Entry before 2000: 4.679**
Size (number of rental units)	0.928	1.464	2.645	1.027
Work area	1.089	Major urban area: 7.084***	0.811	0.011
Access to national politics	With access: 4.855**	1.869	0,862	0.002
Prominence in peer networks	0.007	Prominent actors: 2.938*	0.037	1.224
Notion of societal entrepreneurship vs. other strands	Other: 7.273***	Other: 7.560***	1.738	0.505
Pre-selected vs. snowball sample	0.600	1.888	0.899	0.084

***$p < 0.01$.
**$p < 0.05$.
*$p < 0.1$.
Two-sided significance.

TABLE 3
Attention paid to periods

	Before 1990	*1990–1999*	*2000-crisis*	*Future*
Number of interviewees	9	15	16	7
Text segments	28	73	306	8

TABLE 4
Detailed attributes of destructive leaders

Attribute	*1990–1999*	*2000-crisis*
Charisma	0	6
Personalized power	4	15
Narcissism	1	3
Negative life themes	0	0
Ideology of hatred	13	7
Moral superiority	0	9

This study focuses on the transition from period 2 to 3, assuming a change from public value creation to destruction. Text fragments are summed for these two periods. To illustrate long-lasting cultural influences, all periods are presented in Table 3.

FINDINGS

Surveying all period (Table 4), the period from 2000 to the crisis has received the most attention.

The counts of text fragments and their distribution across the topics of the triangles are presented in Figure 4.

Examining creative leadership in detail (entrepreneurship and innovation), the negative judgments match positive appraisals in the period from 2000 to the crisis. “Trying, doing—sure, it was fantastic” and “Important for me was the very creative way of operating” vs. “We had cowboys and we won prizes, but the reverse was that there was no awareness of risks” “[…] when the autonomy grew, CEOs adopted the self-presentation of real estate men and got personally involved in projects.” Considerations about organizational capacities were seldom mentioned. “It was all about the iconic things, the reforms, the innovations” and “There were also advancing corporations that stuck to the social housing purpose.” In this period, the authorizing environment has received contradictory judgments: 9 fragments indicate that the authorizing environment was absent while needed. In contrast, 5 fragments indicate the unwanted presence of an authorizing environment. The period before 2000 shows some indications of the destruction of public value (29 counted segments), in contrast with 203 counted text segments in the period from 2000 to the crisis.

The interviewees paid much attention to aspects associated with the destruction of public value. First, the details of destructive leaders are presented in Table 5.

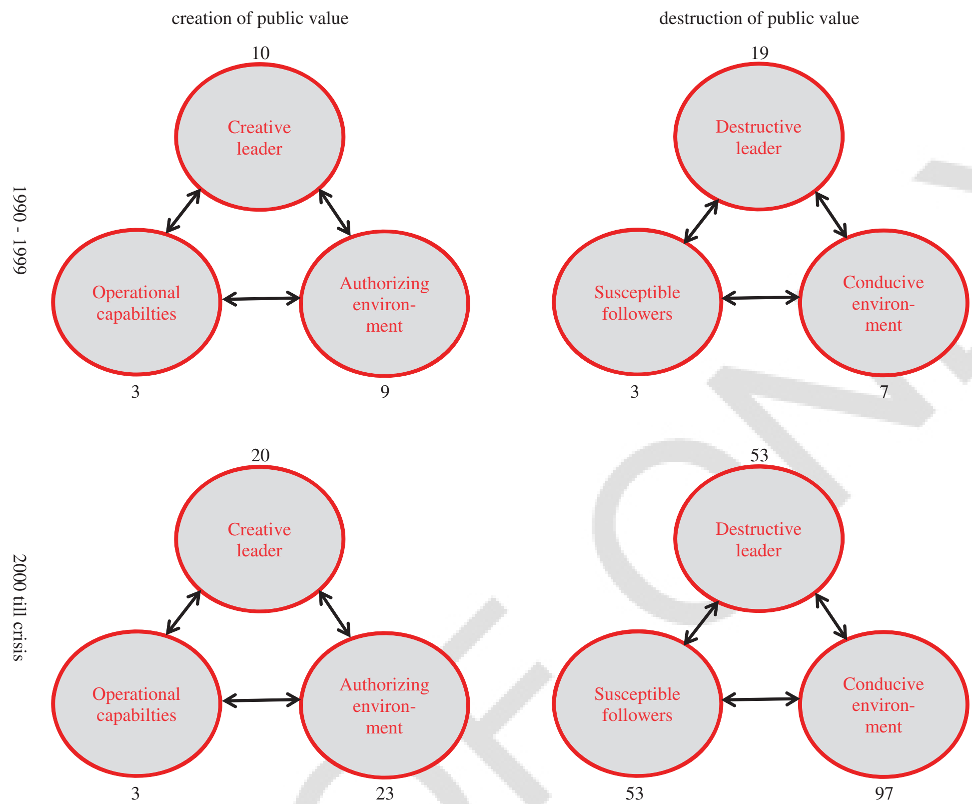

FIGURE 4 Number of text fragments related to creation and destruction of public value.

TABLE 5
Detailed attributes of susceptible followers

Attribute	*1990–1999*	*2000-crisis*
Conformers		
Unmet needs	0	0
Low core self-evaluation	0	1
Low maturity	1	2
Enforced following	1	12
Colluders		
Ambition	0	18
Similar world view	0	5
Bad values	0	5

"[…] was inspiring," "They had guts and vision," "Their charisma forced awe, respect, and fear." Personalized power is reflected in the following responses to critical questions from peers: "That is the way great entrepreneurs do it, and I am one of them" and "Do I have to explain it to you once again?" A reference to narcissism is: "It was the need for

TABLE 6
Detailed attributes of conducive environment

Attribute	*1990–1999*	*2000-crisis*
Instability	0	1
Perceived threat	0	2
Lack of checks and balances	1	22
Failing institutions	3	45
Real estate trading	1	5
Cash windfalls	2	20

TABLE 7
Counts of cultural attributes in the sector across different periods

Attribute	*Before 1990*	*1990–1999*	*2000-crisis*	*Crisis-present*
Self-assertiveness	16	19	31	2
Competition within peer network	0	0	9	0
Rivalry in policy networks	0	8	22	1

breakthrough events that gave a freeway to narcissists." Interviewees indicate hatred of CEOs toward the former sector organization NWR in the first period. Interpersonal animosity between leaders of the networks was mentioned in the second period. Moral superiority is an additional category that emerged from the interviews. Some quotes read: "Messianic behavior," "They were so convinced of their own goodness, monomaniacally driven by the thought of doing what is right and just, that they became stone-blind to the other side." Some further quotes were: "Paternalistic in their claim of knowing what is good for society." In "fiascos […] reality was subordinated to their belief to be right and just."

Subsequently, details on the topic of susceptible followers are presented (Table 6).

Notably, enforced following and ambition exhibit high counts in the second period. Enforced following emerged as a category from the interviews. Pressure from leaders, peer networks, and policy networks have coerced CEOs to reluctant following: "You had to be very firm to resist all the pressure put on you." "Why don't you just do it like […]?" Quotes about maturity in the sector included: "They acted like unruly adolescents." Ambition is found in citations like: "You wanted to join in and feel that you count," "You wanted to belong to the leading group," and "We all applauded for them, even ministers and municipal boards did." Similarity of world view is proposed as a condition for being accepted by specific networks. An example of bad values reads: "Shameless […] and in awareness of the damage caused by" two former CEOs, a politician "still wants to have them back."

Third, the conducive environment receives a closer observation (Table 7).

The count on lack of checks and balance refers to non-executive boards (internal supervisors) being submissive to their CEOs and depending on reputation gains from the CEOs' strategic moves. "They did nothing. Board members who are impressed by their CEO—those are the worst ones." Failing institutions are related to ministers and high officials presenting leading CEOs and their endeavoring strategies to other CEOs as exemplary. Major institutional actors "encouraged quasi-entrepreneurs" to take risks, while "boosting and enabling everything they wanted to do." Entrepreneurial CEOs were highly praised by ministers, top officials, municipal boards, and other institutional actors. "You were put on a pedestal when you decided to be involved in projects unrelated to social housing," although those were perceived as "very risky." Incidents of collusion are indicated, such as: "A minister consented in an invitation of […] to switch jobs for one day," "a CEO was hired via his own consultancy firm by the department," "[…] had a lot of friends in the department," and "[…] himself arranged to be invited to meetings with the minister." Further, it is mentioned that both internal and national (external) supervisors have been unresponsive to several notifications of fraud and unsound policies. Two categories were added: (1) real estate trading, which is associated with opportunities for committing fraud and (2) cash windfalls (due to lump sum subsidization and the permission to sell rental houses), associated with a lack of decision-making discipline and the willingness to accept large pre-calculated losses in commercial projects.

Although the rule of the former sector organization NWR vanished, a cultural legacy persisted. The most salient effect according to the interviewees was the growth of CEOs' self-assertiveness, conceived as an urge "to be one's own boss," "adversity to interference," and being "overly self-righteous." Table 3 presents references to self-assertiveness.

In the period from 2000 to the crisis, the self-assertiveness was amplified by representatives of the government and the new sector organization, Aedes, with public calls for "showing guts" and "ideological promotion of self-regulation." In the same period, a portion of interviewees experienced competition. The parlance of the interviewees contained "ape rock rivalry" ($n = 8$), "pissing games" ($n = 8$), and "masculine culture" ($n = 13$). An example of the latter was: "In the beginning there were almost no women on the job. Conferences were concluded with a bus service to brothels." Comments about the period from 2000 to the crisis included: "It was male games" "A culture of big man emerged," "It was all about power, power, and power," "They were boasting and bragging about having bigger organizations, more daring projects, etc.," and, even: "My worries are more serious than yours."

From 2000 to the crisis, ministers and high officials induced an increase in competitive dynamics by "granting the government access to prominent CEOs individually," "deliberately bypassing the channels of the sector organization." "Being in the lobby made you important." Networks were "started in order to contest Aedes." "It was a fight about who was the boss of the sector. […] won, that's how it was seen by most people."

As mentioned above, there are two kinds of drives for the transfer of strategies, practices, and organizational tools (Table 8).

In the period from 2000 to the crisis, the reputation drive is mentioned more frequently than the improvement drive. "Talk was about becoming big, bigger, and biggest." Rankings and position relative to others were said to be more important than learning: "[…] considered […] as the best, so learning from others was impossible." Table 9 presents how transferable strategies, practices, and tools are categorized into the improvement and reputation drives, based on the interviewees' explanatory remarks.

In the interviews, reputation-driven activities like mergers, real estate projects, land acquisition, and sideline activities were associated with high risk-taking, unrelated acquisitions, and decision failures. Some relevant comments were as follows: In a takeover: "he simply

TABLE 8
Type of drive in the transfer of strategies, practices, and tools

Transfer of strategies, practices, and tools	*1990–1999*	*2000-crisis*
Improvement-driven	5	12
Reputation-driven	6	63

TABLE 9
Transferable strategies, practices, and tools categorized by drive type

Transferable strategies, practices, and tools	*Improvement-driven*	*Reputation-driven*
Mergers and acquisitions	7	19*
Review system	10*	4
Real estate projects	1	12***
Derivatives	7*	4
Land acquisition	3	9
Decision-making	9***	0
Publicity	3	6
Sideline activities	1	5
Benchmarking	2	2

Significance in Chi-square tests: $^{*}p < 0.1$, $^{**}p < 0.05$, $^{***}p < 0.01$.

bade 10 million euro more to the municipality." In real estate projects: "[…] overbid on locations and acquired the projects in our own city. […] We could not account for that kind of bidding and we lost tenders time after time." In land acquisition: "it was ordinary little country nonsense," "employees of […] were bribing in order to get a position in our region." In sideline activities: "in hindsight, we discovered that figures were much worse than we were told at every turn of the project."

The interviewees were not conclusive about the net effects of creative and destructive forces on public value in the period 2000-crisis. The provision of social housing continued during this period, although it was not an important subject within CEO networks. Some interviewees suggested that CEOs who showed concern for clients and the operational processes were "ridiculed." The drift of CEOs to being "big, bigger, and biggest in the race to becoming more important" created large organizations with, eventually, "unrelated working areas": "Claimed efficiency gains were neither tested nor attained." The race in peer networks toward more and more power by "boasting and trumping one another also included the amounts of pre-calculated losses in investments and the degree of unrelatedness of innovative sideline projects" (e.g. ships, hotels, industrial buildings, power plants, and derivative trading). Larger corporations did not participate in public experimentation programs anymore. They became "too important to fail" and committed themselves to "endeavoring projects" "without an exit-option." Their colleagues "admired their courage and impact" and were "inspired by their stories and views." Even in hindsight, the majority of the interviewees expressed feelings of admiration and affection and stated that "CEOs' intentions were beyond doubt." Others suggested that stories had been told to "justify unsound decision-making."

At the end 2008, the sector crisis started with the scandal reporting by the media and "showy moral judgments during parliamentary debates." Interviewees were resentful of "the turn made by politics." The housing corporations lost the support of the public in general. "The scandals facilitated a foreseeable withdrawal of resources" through specific taxation by the Dutch state.

Finally, a question is raised regarding the extent to which the selection of interviewees might have influenced the findings on creation and destruction of public value. The interviewees were categorized based on 7 contrasting attributes. The grouped counts of text fragments were compared through goodness of fit tests. The results of the tests are presented in Table 2.

The gender of the 16 interviewees affected the findings. In the study, women ($n = 3$) paid slightly more attention to the destructive aspects. The difference found in aspects of destructive leaders is highly significant. In their interviews, women mentioned examples of intimidation by male colleagues, and the threat of hostile takeovers. Those experiences might be incidental. Further, newcomers ($n = 8$) paid significantly more attention to the aspects of susceptible followers, perhaps due to their novice positions in peer networks. CEOs with long tenures paid significantly more attention to the conducive aspects of the institutional environment. Remarkably, the size of organization did not make a difference. CEOs working in the major urban area, "*Randstad,*" ($n = 8$) mentioned the aspects of destructive leadership more frequently. A plausible explanation might be a proximity effect: they have been close colleagues of those involved in the most salient cases of failure and fraud. Nine interviewees with direct access to national politics paid significantly less attention to the creation than to the destruction of public value. Three interviewees who appeared to be prominent members of peer networks exhibited a slightly significant difference with regard to aspects of destructive leaders. Five interviewees explicitly showed affiliation to a notion of societal entrepreneurship, explained as an attitude to overpass the limits of conventional task fulfillment and a willingness to place organizational resources at the disposal of societal demands. This group paid more attention to the creation of public value and less attention to the aspects of destructive leaders. This particular difference is highly significant. Finally, it is noted that the topics susceptible followers and conducive environment are rather insensitive to grouping into sub-samples, suggesting a considerable degree of consensus on these topics.

CONCLUSION

The research question of this study is:

> "Which factors can explain the change from creation to destruction of public value in social and institutional environments and what do peer networks and policy networks in which CEO participate contribute to such a change?"

The context for this inquiry was the Dutch public housing sector. Sixteen CEOs of privately instituted corporations were interviewed. Their accounts of network dynamics shed light on the research question. The following factors can explain a sector's change of course change to less public value creation:

- Path-dependent factors, which, in this case, were a culture of self-assertiveness and hatred traced back to a former sector organization. Further, emerging cash windfalls and the fraud susceptibility of real estate trading came to light as such factors.
- A reform of state policy entailing a promotion of personalized entrepreneurship and competition between leaders of public service delivering organizations.
- The emergence of competition in which reputation gain is pursued at the expense of organizations' actual and future resources, resulting into an action and reaction pattern towards bigger organizations, increasing losses, and acquisitions with a decreasing degree of relatedness to public service purpose.
- A social and institutional construction of entrepreneurship within peer and policy networks, which enhances the tendency to take risks without proper assessment by the organizations and to lack of decision-making and other managerial skills, resulting in large business failures.
- A shift from an authorizing environment to a conducive environment, where boards, national agencies, government representatives, and other institutional actors stop guiding and bounding the discretionary power of the organizations' leaders. These actors switch to a networked governance style of enabling and boosting leaders' great but unsound actions in pursuit of inflating their own reputation and short-term policy successes.

DISCUSSION

The use of public value creation and destruction concepts from different bodies of literature helps to comprehend the influence of social and institutional contexts on the (un)ethical behavior of leaders of nonprofit organizations. This study presents a close-up of power dynamics, ill-governed risk-taking, loss of purpose, and pursuit of self-interest, all happening in an entrepreneurial and innovating public service sector. In that respect, support is found for Rhodes and Wanna's (2007) warnings.

Attention has to be paid to particularities of the context. In this study, emerging cash windfall have allegedly contributed to unsound decision-making by public managers. In private business research, it is found that cash windfalls induce CEOs and their boards to mergers which destroy firm value (von Berschwitz, 2018). Nohria and Gulati (1996) point out that an excess of resources leads to relinquishment of financial discipline at innovative projects. Those circumstances seem to affect public managers' decisions likewise.

In this article, Public Value Management (PVM) is considered to be a variant of New Public Management, a variant in which entrepreneurial themes are embraced, while disciplary approaches are detested. The cultural context shapes the way in which NPM, and consequently PVM, are interpreted and applied (Pillay, 2008; Stoker, 2006). Therefore, it is necessary to expand the scope of future research beyond the context of the Dutch social housing sector.

In thus research, strong indications are found for a noxious impact of the institutional environment on the behavior of public managers. By promoting and enabling unsound projects the political principals of the public agents have themselves been a source of moral hazard (Eswaran & Kotwal, 1984). In search of policy success, illegitimate and even illegal actions by public managers have been tolerated., just like Elsbach and Sutton (1992) have found.

Further, the PVM strategy of promoting a personalized and heroic version of public entrepreneurship has likely fostered personalities with a high need for personal power and destructive propensities such as self-promotion, waste of resources, and disengagement with consequences for others (Padilla et al., 2007). By being supportive and even submissive to those CEOs, internal and external supervisors also have shown destructive leadership, when the the definition prevously cited (Einarsen et al., 2007) is taken into account.

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APPENDIX: QUESTIONNAIRE INTERVIEWS OF HOUSING CORPORATIONS CEOS

At the start of the conversation, the interviewees are asked to talk about their entry in the community and about the networks in which they have participated.

1. How has the community of practice operated in the period from 1990 to approximately 2010? Has the community changed since that time, and if so, in what way?
2. What ideas, strategies, and practices have been adopted among CEOs and are they employed in their organizations?
3. How are the objects of transfer judged in the light of the values shared by the CEOs? How is the distinction made between right and wrong?
4. How are opinions made concerning the performance and status of individual CEOs within the community and the surrounding field?

The answers to questions 3 and 4 will be analyzed in other publications.